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DRUG STORE NEWS®

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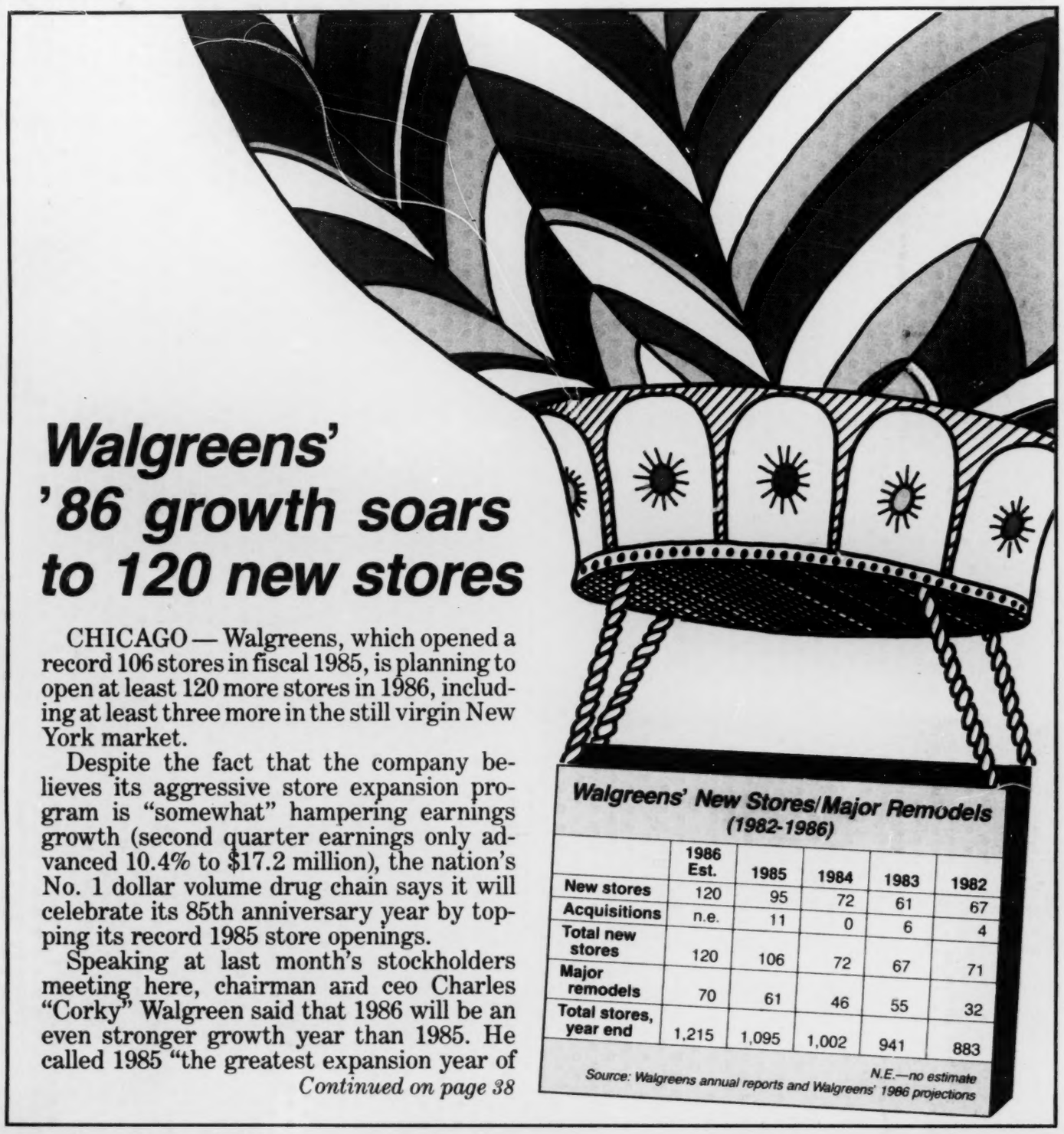

Walgreens' '86 growth soars to 120 new stores

CHICAGO — Walgreens, which opened a record 106 stores in fiscal 1985, is planning to open at least 120 more stores in 1986, including at least three more in the still virgin New York market.

Despite the fact that the company believes its aggressive store expansion program is "somewhat" hampering earnings growth (second quarter earnings only advanced 10.4% to $17.2 million), the nation's No. 1 dollar volume drug chain says it will celebrate its 85th anniversary year by topping its record 1985 store openings.

Speaking at last month's stockholders meeting here, chairman and ceo Charles "Corky" Walgreen said that 1986 will be an even stronger growth year than 1985. He called 1985 "the greatest expansion year of

Continued on page 38

Walgreens' New Stores/Major Remodels (1982-1986)

	1986 Est.	1985	1984	1983	1982
New stores	120	95	72	61	67
Acquisitions	n.e.	11	0	6	4
Total new stores	120	106	72	67	71
Major remodels	70	61	46	55	32
Total stores, year end	1,215	1,095	1,002	941	883

N.E.—no estimate

Source: Walgreens annual reports and Walgreens' 1986 projections

Adams' new ceo outlines strategy

Sharper pricing and larger stores are part of plan

By Al Heller

PAWTUCKET, R.I. — There will be a new Adams Drug in 1986.

Under the hand of new president and ceo William S. Sudhaus, 38, Adams is poised to launch major strategic changes on several fronts, which are aimed to strengthen the 417-store chain's presence within its current 10-state northeastern markets.

Those changes include:

- More competitive pricing;
- Bolder site selection strategies, for an estimated 30-40 new stores in 1986, including mall sites and ownership and landlord roles in strip centers;
- Possible acquisition of other drug retailers;
- A buildup of store supervisory ranks, to tie into new store growth and added duties for field managers;
- Rapid development of management information systems, including the possible immediate installation of scanning in 10% of stores, and a current test of pharmacy computers in 10 stores;
- Experiments with new departments such as video rental, as merchandising changes tie into the company's redefined aggressive profits mission under new ownership;

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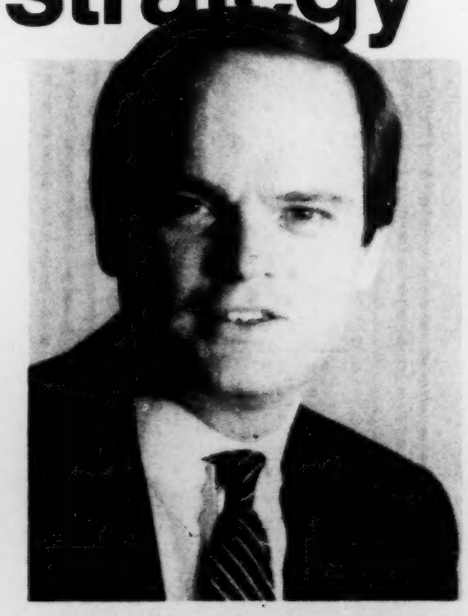


"We're developing criteria for drug retailers to acquire. . . . We're revising capital budgets . . . and looking at value situations in the northeast."

—William S. Sudhaus, President and ceo, Adams

Newman to lead F & M in expansion drive

New ceo fine-tunes systems before chain quadruples in size

WARREN, Mich. — F & M, the country's second-largest deep discount drug chain, has a new president and chief executive officer: 37-year-old Frank A. Newman, former senior vp for F. W. Woolworth and an executive vice president for Household Merchandising's retail operations, Ben Franklin variety stores and Coast-to-Coast hardware stores.

Newman, who took command of F & M Jan. 1, will be responsible for expanding F & M from its current 26-store base to over 100 stores by 1990.

In an interview with *Drug Store News*, Newman said his primary objective coming into harness is to "make sure we are equal to sustaining the kind of growth we are plan-

Continued on page 38

Frank A. Newman

F & M Growth Patterns

	1985	1986* Est.	1987* Est.	1988* Est.	1989* Est.	1990* Est.
Number of new stores	7	11	15	17	20	25
Total stores	21	32	47	64	84	109

Source: F & M approximate estimates for fiscal year ending Oct. 30.

Snyder Drug sold in LBO

SANTA MONICA, Calif. — Wickes Companies said it had reached an agreement in principle to sell Snyder Drug Stores, the 54-store Minnetonka, Minn.-based chain to a group headed by Don Beeler, president of Snyder.

In addition, Wickes has also reached agreements to sell its Red Owl Stores division, a retail and wholesale grocery operator, and Western Diversified Services, which markets insurance and automobile warranty programs.

The three operated units accounted for $900 million in 1985 revenues. Wickes expects to realize more than $100 million from the sale of the three units, which will be completed around the end of this month.

RTE NEWS....LATE NEWS....LATE NE

JOSEPH P. POLASTRI has been named president of McKesson Drug Co., the nation's No. 1 wholesaler. Polastri had been the company's executive vp and gm.

ALLAN J. PATRICK has been appointed vp-director of merchandising for Genovese Drug Stores. He replaces Paul Stanton, who resigned to pursue other interests.

Gray Drug Fair rolls out pharmacy promotion Page 19

0023447C DR
MS JEANNE LONG
CONGRESSIVE INFO SRVCS I IFH
4520 EAST WEST HIGHWAY
BETHESDA MD 20814

Walgreens is committed to WIN system

CHICAGO — Walgreens intends to spend "millions of dollars" over the course of the next five years to perfect its fledgling Walgreens Information Network (WIN), a system that Walgreens believes will make its drug stores "the most computerized and automated, by far, in the industry."

By the early 1990's Walgreens intends to have WIN microcomputers installed chainwide, linking together all Walgreens stores, offices and other locations.

Chairman and ceo Charles "Corky" Walgreen says that by as early as 1987, the company expects to have an on-line credit card authorization system in place that will save the chain almost $3 million annually in reduced bank charge fees.

Although the planned credit card authorization system will be a part of WIN, Walgreens says that the complete WIN system will take "years to develop.

"We've got lots of work ahead of us to make it a reality," he says, but, in place, WIN will "help our managers reduce payroll, enhance productivity, and improve customer service.

"Just as important, it will provide management with valuable performance information of all kinds. This is a 'hands on' business and the more 'hands on' you can be, the better."

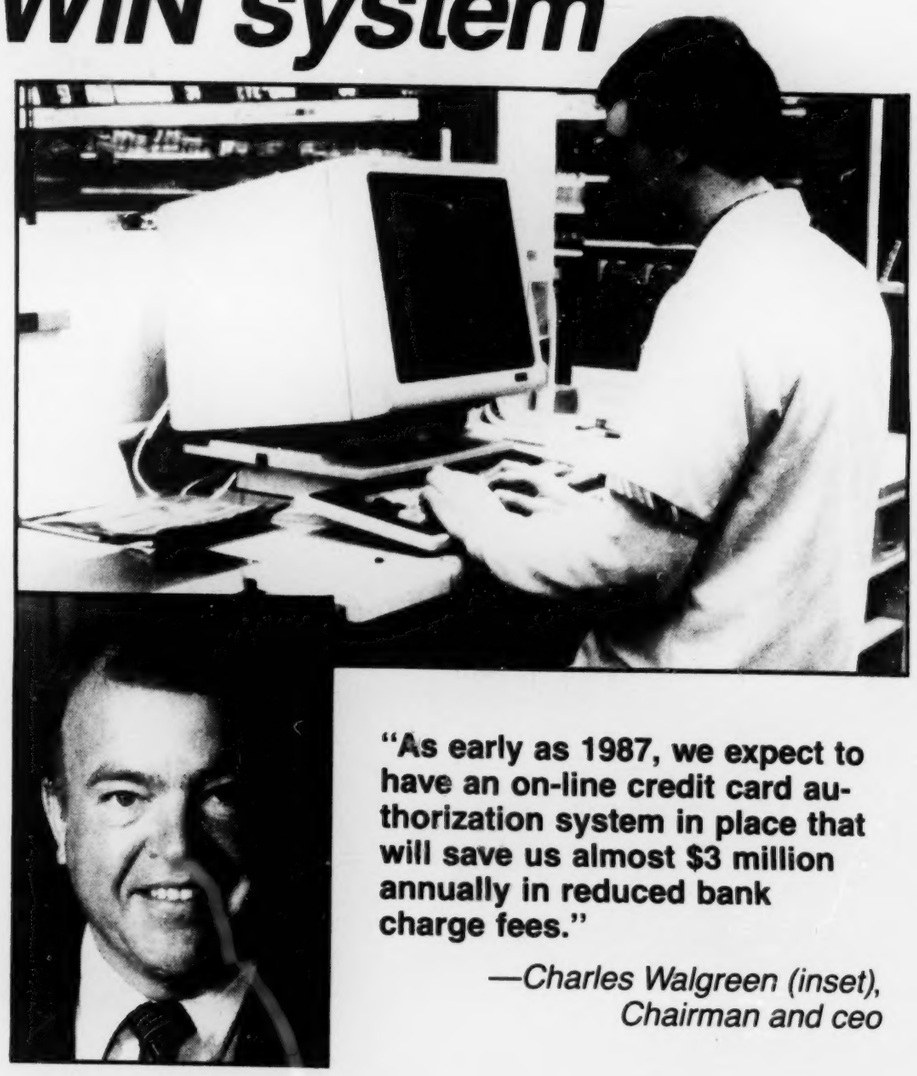
Walgreens currently has more than 100 stores on the WIN system. So far, managers have been using the system to keep track of time and attendance records, to do their payroll and to generate daily cash and sales reports.

Walgreens' president, Fred Canning, has said that stores are averaging between 15 and 20 hours savings a week.

Canning also said that Wallgreens was "fortunate" to have gotten its chainwide Intercom pharmacy computer system in place before the break-up of AT&T.

"We're the leader in pharmacy computers right now," he told stockholders at the company's annual meeting here last month. "Given the time needed for development and testing, plus today's telephone situation, we estimate it would take a large chain like ours four to five years to build an on-line system like ours."

Canning gave the Intercom system some of the credit for Walgreens' strong performance in prescription sales over the past few years.



"As early as 1987, we expect to have an on-line credit card authorization system in place that will save us almost $3 million annually in reduced bank charge fees."

—Charles Walgreen (inset), Chairman and ceo

He pointed out that since 1980, Walgreens has increased prescription sales at least 20% for each year. "That's 20% on top of 20% for at least five years," he said.

For the first quarter just ended Nov. 30, Canning said that prescription sales were up 28%. Total prescription sales for the company will reach $1 billion by 1988. "That's a huge amount when you consider that the entire company just hit the billion dollar mark just about 10 years ago," he pointed out.

Canning said the Intercom system had spiked prescription sales in a number of fascinating ways. "It's more powerful in drawing customers than we ever imagined," he said, "mainly because the public perceives its advantages, like the easy transfer of scripts between stores."

Canning said Walgreens spends "a lot of TV time" promoting both the "transferability and the 24-hour service" available in some stores.

Over 400 Walgreens to have c-food by '87

CHICAGO — Walgreens, which first began experimenting with convenience foods [c-foods] and groceries in 1978, plans to have mini-food "fill in" departments in more than 400 stores by the end of this year.

Walgreens has been steadily expanding its c-food departments since 1982, when the chain ended the year with 42 such departments. At this time last year, the company had 113 stores with c-food departments. Today there are over 200 stores with c-foods, and by January 1987, president Fred Canning says there will be over 400 such departments.

Like Walgreens' other key "targeted" departments—photo finishing, greeting cards, home health care, cosmetics, etc.—c-foods are part of Walgreens'strategy for appealing to the "convenience" minded shopper, the shopper who knows what he or she needs but who wants to be able to get in and out of a retail store "quickly."

"Convenience is our most important requirement," says Canning. "It's our best defense against mass retailers and new deep discount drug stores. We're the neighborhood drug store. Our compact size lets us put stores where people live and work.

In photo finishing, Canning pointed out that Americans spent almost $4.5 billion in 1984, a full 25% of that dollar amount in drug stores.

"Our photo finishing increases," he said, "are running more than 20% annually."

Canning said Walgreens plans to do even better with photo finishing. "That customer is important to us," he said. "She spends an average of six dollars in the store when she drops off her film and another six dollars when she picks it up, plus her photo finishing charges."

In the health care departments, Canning said Walgreens is constantly looking for new lines to service the recuperating and elderly shoppers. He said Walgreens' stores are currently doing a "brisk business" with manual and electronic blood pressure monitors, plus the company is seeing a "tremendous growth" in sales of adult nutritional supplements and incontinence supplies. Both categories, Canning pointed out, weren't even stocked in Walgreens just a few short years ago.

More recently, he said, Walgreens has introduced a new line of surgical dressings like gauze pads and sponges that were once only found in hospitals.

"Now," he said, "they're bought by surgery patients who leave the hospital a few days early and still need a high level of care at home."

Walgreens' health centers grow

Chain will open two more in 1986

CHICAGO — Walgreens is slowly expanding its test of home health care centers.

The nation's No. 1 drug chain will open two more home medical centers in Chicago this year for a total of five. Walgreens first began experimenting with freestanding home health care centers in 1984.

President Fred Canning said the company isn't planning to build any health care centers outside of Chicago yet, but he said that expansion beyond Chicago is certainly a possibility "within a few years."

Walgreens' centers serve walk-in patients plus "thousands" of mail-order customers throughout the country.

In addition to home health care stores, Walgreens also operates one deep discount store, R-Way, inherited from Ribordy Drug, the 26-unit chain acquired last year, plus nearly 100 freestanding Wags restaurants as well as about 90 in-store Wags.

The company has been cutting back on its in-store restaurants to create more space for what Canning calls "convenience consumable categories" like c-(convenience) foods, photo finishing, cosmetics, etc. However, the chain will open another seven Wags in fiscal 1986.

Walgreens plans to open two more home medical centers in Chicago this year to join the three it already has opened since implementing the division two years ago.

Even though deep discount stores are "hot" right now with major chains like Super-Rx, Rite Aid, Perry Drug, etc., committed to either experiments or full-fledged expansions, Walgreens is dubious about the value of that segment of the industry to Walgreens' specific future.

Speaking of the one deep discounter inherited from Ribordy, Canning said the chain might "draw the blind" rather than keep or expand it.

At Walgreens, he said, the final strategy for the future is nothing new. It's attention to the basics.

"We're not interested in diversification," he said. "We're interested in expanding in what we feel is the strongest retail segment in the United States."

About the deep discount stores that "everybody's talking about, I'm happy to report that our stores are performing quite well against these high volume price cutters."

Canning said that Walgreens' experience shows that a deep discounter can hurt a store's sales by about 10%, "but only for the first year. By the 13th month," he said, "our store is back on the track. Customers we lose at first generally return.

"They find we're more convenient, that we offer strong pharmacy service, and that we have the consistent selection of merchandise they're looking for."

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Vol. 8, No. 3 February 3, 1986

FINANCIAL

Revco reports 14% sales gain in 2nd quarter

Revco's net income for the second quarter ended Nov. 16 was down 47% to $5.5 million on a sales gain of 14% to $602 million.

Like store sales for the quarter, however, rose a promising 8.2% compared to just 6.3% for the same period last year. Like store sales for all drug stores, including those opened or acquired within the past year, were up 15.3% vs. 9.4% a year ago.

Year to date sales for the quarter were up 20% to $1.2 billion while six month earnings were down 11% to $14.8 million.

Revco's management attributed the earnings declines to a regionally implemented price reduction program that began in the fourth quarter of fiscal 1985. "Margins for the period," management said, "were adversely affected by the reductions for much of the second quarter."

The price reduction program has now been replaced by a selective pricing strategy, applied on a store by store basis. As a result, management is predicting that gross margins in Revco's core businesses will improve.

In addition to the price reduction program, management also said that an operating loss in Revco's subsidiary Odd Lot division as well as liquidation of an insurance company that had provided coverage for Revco's manufacturing subsidiary has also adversely affected earnings.

Revco said Odd Lot's loss reduced earnings by 6¢ a share while the liquidation of the insurance company incurred a one time $5 million charge against net earnings that reduced net earnings by another 8¢ a share.

Second quarter like store sales for Odd Lot, Revco said, were down 6.2% vs. a decline of 5.6% for last year's second quarter. Total store sales were up 9.1%, but Revco said that was below plan.

Revco continued to keep their Odd Lot store growth stable, adding no new stores during the quarter, but management reaffirmed its faith in the concept, saying that Revco still believes Odd Lot is a "viable business" and that the company is working "to restore its profitability, including studying the retail store's merchandise mix and ways to reduce operating costs in both the retail and wholesale operations.

During the quarter, Revco opened 24 new drug stores for a chainwide total of 1,957 as of Nov. 16th. Eighteen marginal stores were also closed during the quarter, bringing year to date closing of unprofitable stores to 29.

Thrifty net income rises 8%

LOS ANGELES — Unaudited net income before taxes for Thrifty Corporation, which owns the 550-unit Thrifty Drug chain as well as 82 sporting goods stores, and is also a partner in Crown Books and Trak Auto West, increased 8% to $7.8 million for the first quarter ended Nov. 30, according to preliminary figures just released.

Sales for the conglomerate increased 7% to $329.5 million.

During the first quarter of fiscal 1986, Thrifty's management said same store sales for drug stores (sales for all stores two years or older) increased 4%.

Unaudited consolidated income after taxes was $4.1 million, a 10.5% increase.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 12/27/85 - 01/13/86							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate			Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
Name	Symbol	High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct		Profit Margin	Latest P/E Ratio	Amt.	Yield	Last X-Dvd. Date	Revenue	Earnings	Current Ratio	Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	66.50	62.00	62.25	-2.25	-3.49	68.25	47.00	.04	-.94	-5.02	15.50	5.71	.86 N	19.5	34.0	1.5	11.8	.84	1.3	12-09-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	17.25	16.25	16.25	.00	.00	17.63	15.50	-.08	1.03	.30	.00	1.26	.12 S	9.9	5.0	1.1	12.2	.72	4.4	07-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	16.75	15.13	15.63	.50	3.31	19.50	12.13	.48	-.44	-1.08	-26.65	.68	.11 N	18.0	19.0	3.0	21.7	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.13	4.50	5.00	.50	11.11	6.13	3.50	.52	1.03	1.81	30.00	.35	-.12 Q	-24.0	NC	1.2	13.2	.60	12.0	05-09-85	104.7	1.3	3.2	1.13	6.18
Eckerd, Jack	ECK	31.00	29.25	30.50	-.38	-1.21	32.88	20.00	-.13	.84	7.13	-45.93	-.22	-2.61 Q	-100.0	NC	-.3	NE	1.04	3.4	09-09-85	2508.5	-8.3	1.6	2.64	14.49
Fay's Drug	FAY	9.38	8.50	8.75	-.38	-4.11	13.00	8.00	-.06	-.54	.20	17.81	.62	-.32 N	-48.5	30.0	2.4	25.7	.20	2.3	09-23-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	13.00	10.88	12.25	1.13	10.11	15.88	9.13	.35	-.67	1.25	-12.08	1.03	.07 S	6.8	40.0	1.9	11.1	.20	1.6	09-24-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	32.00	29.25	30.75	.00	.00	32.00	23.50	-.10	.04	-3.97	.37	1.88	.10 N	5.5	10.0	2.9	15.9	.72	2.3	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	4.50	4.00	4.50	.38	9.09	6.25	4.00	-.03	.66	-3.21	36.36	.05	-.38 *	-88.4	NC	.2	90.0	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	17.38	15.75	16.25	-.75	-4.41	18.75	11.19	-.51	-.27	-2.58	6.10	.98	.14 F	16.7	16.0	1.8	16.6	.19	1.2	09-11-85	521.6	9.6	1.5	1.60	7.07
Revco Drug	RDS	28.75	25.38	28.00	2.38	9.27	29.50	23.13	.14	.52	2.58	-12.39	1.06	-1.50 S	-65.2	-5.0	1.6	35.0	.80	2.9	08-19-85	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	26.25	24.25	24.88	-.88	-3.40	33.50	21.50	.08	-.15	3.17	-9.20	1.69	-.11 N	-6.7	8.0	4.8	16.2	.50	2.0	10-07-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	25.38	23.50	23.88	-1.00	-4.02	25.38	18.13	-.02	-.36	-.07	11.94	1.60	.19 Q	13.3	16.0	2.3	14.7	.60	2.5	05-06-85	1404.9	31.9	1.5	4.46	7.72
Walgreen Co	WAG	28.50	24.25	25.75	-2.75	-9.65	30.25	22.50	-.21	-.56	1.92	10.22	1.53	-.39 Q	-23.1	19.0	3.0	19.8	.50	1.9	11-05-85	3161.9	94.2	1.8	1.17	7.83
Wholesaler's transactions																										
Bergen Bruns	BBCA	34.63	31.88	33.13	.88	2.71	34.63	22.50	.39	.14	-2.34	8.19	1.91	.26 Q	15.8	15.0	1.0	17.3	.32	1.0	10-28-85	2434.9	24.2	1.7	11.68	12.68
Bindley Wstn	BIND	10.13	9.38	9.88	.50	5.33	15.00	7.75	.60	.16	-5.93	-41.51	.73	.15 N	23.4	23.0	.8	12.5	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	20.00	19.00	20.00	.75	3.90	20.00	13.88	.09	1.50	-1.42	.00	1.01	.21 S	23.1	NC	1.2	17.9	.08	.4	01-02-86	320.0	3.7	1.7	.94	8.85
Durr Fillauer	DUFM	13.25	12.25	12.88	.38	3.00	15.25	9.25	-.11	.17	-4.28	-13.08	.74	.07 N	9.9	14.0	1.7	16.5	.14	1.1	07-01-85	341.7	5.8	2.3	1.21	6.05
Foxmeyer Cp	FXM	24.13	21.00	21.38	-1.63	-7.07	29.75	21.00	-.45	-.93	4.55	22.20	1.56	.02 S	1.3	26.0	1.3	13.6	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	23.00	20.00	22.50	1.25	5.88	23.25	14.06	.66	1.52	2.19	-4.98	.56	.14 S	35.0	NC	.2	41.7	.00	.0	09-23-85	273.7	.6	1.4	7.87	7.52
McKesson Cp	MCK	52.38	50.75	50.75	-1.63	-3.10	53.50	37.00	-.10	.34	-1.61	4.35	3.60	.02 S	.5	-1.0	1.3	13.5	2.40	4.7	11-25-85	4887.1	65.0	1.5	12.99	30.40
Moore Med	MMD	22.50	21.00	21.25	-1.50	-6.59	23.38	8.81	.02	-.34	-3.88	-66.03	1.02	.45 N	47.4	18.0	2.9	15.2	.00	.0	05-23-85	115.4	3.3	3.3	2.45	5.25
Owens & Minor	OBOD	18.38	17.50	17.75	.00	.00	18.38	9.00	.07	-.22	-.31	3.97	.95	.23 N	26.1	16.0	1.2	16.0	.28	1.6	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	71.38	65.25	67.50	2.00	3.05	72.00	43.75	.23	-.15	.77	-5.35	3.34	.52 N	16.3	17.0	13.0	18.1	1.40	2.1	01-09-86	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	64.38	61.25	62.25	-.38	-.60	66.88	51.75	-.14	.20	.91	14.75	4.39	.26 N	6.0	11.0	15.1	13.6	2.90	4.7	11-06-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	16.38	15.38	16.38	.63	3.97	16.88	12.38	.02	1.38	-3.81	-5.66	.21	-1.06 N	-82.8	-25.0	1.6	74.4	.37	2.3	12-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	21.50	20.75	21.00	.00	.00	23.50	14.56	-.27	.41	1.13	-48.05	1.70	.20 S	12.5	11.0	10.5	11.7	.49	2.3	12-03-85	247.8	25.9	2.4	1.59	10.91
Bolar Pharm	BLR	17.88	15.00	16.13	-.63	-3.73	22.63	12.00	-.11	-1.42	1.66	-22.52	.61	.10 N	17.2	22.0	18.2	23.7	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	68.25	61.63	62.13	-3.63	-5.51	68.50	51.13	-.10	-1.29	-.01	26.98	3.45	.42 N	12.5	14.0	11.3	16.5	1.88	3.0	09-30-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	52.50	47.75	52.50	3.13	6.33	52.50	26.38	.05	1.64	2.72	-.89	2.66	.77 S	30.1	21.0	5.9	15.8	.60	1.1	11-01-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	29.68	27.50	27.88	-.50	-1.76	32.50	17.38	-.28	-.78	-.61	-.64	.73	.36 S	67.9	15.0	17.4	31.3	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	14.50	12.50	12.75	-.25	-1.92	14.50	8.50	.50	-1.88	-.22	-35.79	.00	-.12 N	-85.7	NC	1.6	NM	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	11.25	10.38	10.88	-.13	-1.14	12.75	7.13	-.06	.06	-3.41	-21.64	.61	-.21 N	-33.9	47.0	14.6	26.5	.00	.0	09-09-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	113.50	106.25	106.38	-2.63	-2.41	113.50	66.75	.08	-.51	.71	15.00	6.73	.57 N	8.6	10.0	15.8	14.7	3.20	3.0	11-08-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	9.50	7.75	9.38	1.88	25.00	9.63	3.00	.32	1.81	2.64	-20.96	.40	.27 F	207.7	NC	6.6	23.4	.00	.0	00-00-00	12.2	.8	3.0	.20	1.73
Marion Labs	MKC	47.13	43.00	46.25	-1.00	-2.12	47.25	23.13	-.04	1.00	-1.11	-22.11	.94	.39 Q	56.5	36.0	12.2	42.8	.36	.8	12-16-85	295.7	36.2	2.1	.00	4.17
Merck & Co	MRK	142.25	134.50	136.75	1.13	.83	142.25	92.25	.13	-.18	1.60	17.55	6.71	.71 N	10.9	6.0	13.8	18.9	3.60	2.6	12-03-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	38.63	36.00	36.25	-1.00	-2.68	40.50	27.63	-.01	-.85	1.90	-13.95	2.50	.29 Q	12.8	21.0	6.7	14.2	.70	1.9	11-18-85	1832.3	122.8	1.8	3.25	15.00
Mylan Labs	MYLN	18.38	16.00	16.25	-1.50	-8.45	26.00	13.50	-.68	.37	-.72	-5.82	.52	.38 S	115.2	64.0	23.3	22.9	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	13.25	12.75	12.88	-.38	-2.83	14.50	5.38	.09	.55	-4.46	-4.95	.05	.00 S	NE	NC	6.7	NE	.80	6.2	05-23-85	9.0	.6	3.2	.21	.96
Par Pharm	PARP	18.00	15.50	18.00	1.75	10.77	23.25	10.34	-.71	4.50	-1.73	13.94	.42	-.05 F	-10.6	80.0	12.7	42.9	.00	.0	00-00-00	21.3	2.7	3.3	.00	1.84
Pfizer Inc	PFE	53.00	48.50	49.63	-1.13	-2.22	56.25	37.63	-.38	-.67	1.21	8.29	3.08	.37 N	12.3	15.0	13.2	14.6	1.48	3.0	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	5.88	5.63	5.88	-.13	-2.08	6.63	3.63	.34	1.80	6.36	10.71	.13	.02 Q	16.7	26.0	6.0	42.0	.04	.7	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	12.63	11.13	12.00	.88	7.87	24.38	5.50	.12	.11	4.87	-4.64	-18.44	-18.79 N	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	38.50	35.00	38.38	2.13	5.86	47.00	26.00	-.04	2.16	-4.11	39.93	2.08	-.04 N	-1.9	4.0	8.5	18.8	1.12	2.9	11-04-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	15.38	13.75	13.75	-1.63	-10.57	15.50	9.50	.08	-1.74	-1.18	16.08	-.43	-.96 S	-100.0	NC	-2.0	NE	.32	2.3	12-09-85	167.4	-3.4	1.7	4.07	9.72
Squibb Corp	SQB	83.75	78.50	83.13	2.25	2.78	83.75	49.75	-.02	1.04	-1.06	17.11	3.68	.46 N	12.9	21.0	10.5	20.6	1.76	2.1	11-08-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	39.38	36.38	37.00	-.88	-2.31	41.38	26.75	-.10	-.46	1.73	8.96	2.37	.13 N	5.6	4.0	7.8	15.0	1.20	3.2	11-07-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	46.75	41.75	42.13	-2.13	-4.80	46.75	25.06	.08	-.34	-3.02	26.59	2.33	.55 Q	27.5	15.0	15.8	16.5	1.20	2.8	12-16-85	948.5	150.0	2.1	2.68	9.40
Thompson Med	TM	15.00	13.50	14.25	.38	2.70	18.38	11.75	-.14	.25	2.77	6.70	2.20	-1.04 N	-46.0	15.0	10.8	11.7	.40	2.8	12-23-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	134.63	123.50	127.50	-7.38	-5.47	141.50	70.38	-.41	.58	-1.33	-.95	5.67	.39 N	6.9	1.0	8.0	21.0	2.80	2.2	01-03-86	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	48.88	45.75	47.50	-.38	-.78	49.38	33.75	.20	1.01	-.26	10.56	2.81	.27 N	9.7	7.0	7.1	15.6	1.56	3.3	11-04-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	24.75	18.75	19.25	-5.00	-20.62	29.50	7.09	-1.11	-1.16	3.67	8.01	.28	.97 N	510.5	89.0	7.7	16.6	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes: NA - Not Applicable; NC - Not Calculable; NE - Negative Earnings; NM - No Meaningful Figure; Q - First Quarter; S - First 6 Months; N - First 9 Months; F - Fiscal Year

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MERCHANDISER

Charcoal grills under $40 heat up sales

Drug store shopper demand for more durable portable grills is fueling market growth, while foreign knockoffs of American products force down prices. The current swing, said buyers, seems to be toward charcoal grills at retails under $40, and somewhat costlier gas grills.

Drug chain buyers expect barbecue grill sales to grow through 1990, as they hold their share of the market. Drug stores accounted for 5% of the $570 million retail sales market in gas, electric and charcoal grills in 1985, the same share as the previous two years, according to the Barbecue Industry Association (BIA).

Most chains primarily offer portable charcoal and gas grills, since they generally don't have space to carry broad selections of the larger scale models, and customers don't expect to find such hardware items in a drug store.

Longs, Pay Less, Walgreens and Fay's are among chains carrying charcoal and gas grills, but at different ends of the business. Fay's and Walgreens emphasize smaller models; Longs and Pay Less, more midsized products, with Longs also merchandising a broad accessories assortment.

"I don't think that's the place for us to be," said one chain buyer, referring to the market's high end. "You have to give the customer a good selection with at least three sku's, and I don't think people go to the drug store for that type of merchandise." He added his chain will stay with low-end charcoal grills, including Sunbeam at a $35 retail.

Meantime, buyers said they'll look for portable and gas grills to propel category sales, as customers trade up

"The customer is looking for more features. While he used to take a $3 grill to the beach, now he's taking a portable propane gas grill," said one buyer.

Meanwhile drug chain buyers are flocking to offshore sources for less costly knockoffs, which enable them to sell fuller-featured models at low prices.

That's not particularly good news for manufacturers such as Weber-Stephens Products Inc., Pallatine, Ill., which was forced to reduce its wholesale prices 28% to 40% for 1986 on its portable charcoal and gas grills, said Weber-Stephens national sales manager Stan Gudas.

"We're seeing a great deal of imported goods, 10 or 12 models from overseas, mostly from the Far East," said Gudas.

What Americans spend to barbecue (in millions)

Food and grocery items	$4,800
Barbecue grills	570.0
Charcoal briquets	418.0
Lighter products	143.0
Tools and equipment	31.0
Miscellaneous	4.6
Total consumer expenditures	**$5,900**

Source: Barbecue Industry Association, 1985.

Value seen prime factor in coolers

Drug store retailers are taking advantage of new picnic cooler offerings at lower wholesale prices than last year, as the manufacturers' competition heats up in the $250 million market.

At the same time, buyers see growing demand for rugged, hardsided coolers.

Vendors such as Thermos, Gott and Coleman are offering new products and price reductions to challenge the dominance of Igloo, whose Playmate line is regarded by buyers as the best known of hardsided, personal coolers.

"In the past, retailers tried to stay under $10. That's impossible if you want to sell anything with any kind of quality," said James Kays, a buyer with Taylor Drugs.

Taylor is adding 4 ft. to its seasonal cooler category, and replacing Bee Plastics products, which it has carried exclusively, with nine sku's by Gott, including 16- and 35-qt., and 6-pack coolers, jugs and Underwriter Laboratories-approved plastic gasoline cans.

After shopping the market, Kays said he realized he could achieve better net costs with Gott, and provide an upgraded product line tailored to his current customer demand.

Kays' effort to upscale the cooler offerings won't take Taylor above the $20 price range Kays believes customers are willing to accept, and he is also avoiding Thermos' coolers with pockets, which hold items such as sunglasses and suntan lotion.

"Sure it's good if somebody is going to the beach, but we're 900 miles from the nearest beach," said Kays, adding that Taylor, in any case, is avoiding the higher-priced lines.

Despite Taylor's reservations, other retailers such as SupeRx, Osco and Kroger have been more receptive to such features, said a Thermos spokesman.

Market tests showed that customers are looking for larger sizes, he said.

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Manufacturers say new shades sport new shapes, textures, colors

What is it that rock singer Madonna, Miami Vice co-star Don Johnson, and Chicago Bears quarterback Jim McMahon have all succeeded in doing for the fashion scene?

They've made "shades" or sunglass an "in" accessory, of course. Sunglass manufacturers today are predicting that what will sell sunglasses to 1986 shoppers is glamour.

For Myron Orlinsky, chairman of Visual Scene, color will be an important fashion ingredient.

Orlinsky also predicted that in frames "tortoise shells" will be big. He also said that nylon will be an important new technological breakthrough for the frame as will all-weather, polarized treatments for lenses.

At Foster Grant, the fashion image is on funky colors: purple, fuschia and pink in the Winter Eyes mirrored lens line. Dazzles with stones are also showing up on Foster Grant frames while Patterns is getting geometric designs.

Foster Grant also has some functional fashion lines coming out: Drivers Choice with darker lenses to cut glare and Active Life with a foam insert that lets the frame float.

Norman Silk, director of marketing at Bausch & Lomb, said the company is planning a larger Wayfarer for '86.

This is in addition to its Ray-Ban aviator frame, which has leather and tortoise shell.

Alvin Goldgram, president of Opti-Ray, said, "We're going from a forward to a revival look with smaller eye shapes, a rounder eye, and black and tortoise shell both very hot.

"Also with bold frames, Wayfarer variations, patterned frames with geometric and abstract designs, and a full range of colors, we've got a look ahead," he added.

Sunglass sales

Outlet	Units (in millions)	Share of $1.02 billion retail market (%)*
Premiums, catalogers	70	18%
Mass merchants	26	15
Drug stores	21	20
Department stores	21	25
Food stores	14	10
Optical outlets	8	15

Source: Sunglass Association of America, 1985 projection.

Note: Numbers don't add up to 100% because of rounding.

'86 Trends

Continued from page 13

Buyer
Midwest chain

"It's a fashion-oriented business, but in the Midwest we're behind the two coasts. We like to pick vendors a year ahead of time, so we don't get into trendy stuff.

"We use two vendors—Visual Scene is the primary one, and we're testing Bonneau. Bonneau is more fashion-oriented. But it's the system that's important to us.

"We're not looking for outside trucks or salesmen to come in and start moving things around on our shelves. We like to have a warehouse program. We keep 26 sku's in the warehouse. That gives us the kind of control we want. We set the program; Visual Scene keeps us in stock.

"We'll use the past history of what sold well to buy. We're interested in consistent sales, not in taking chances on selling hot items, then maybe have a lot left.

"We have one spinner rack full time, another rack for spring and summer. We keep it close to pharmacy so pharmacy can keep an eye on it. It must be watched. We take a high gross profit margin on sunglasses because we lose some [to theft].

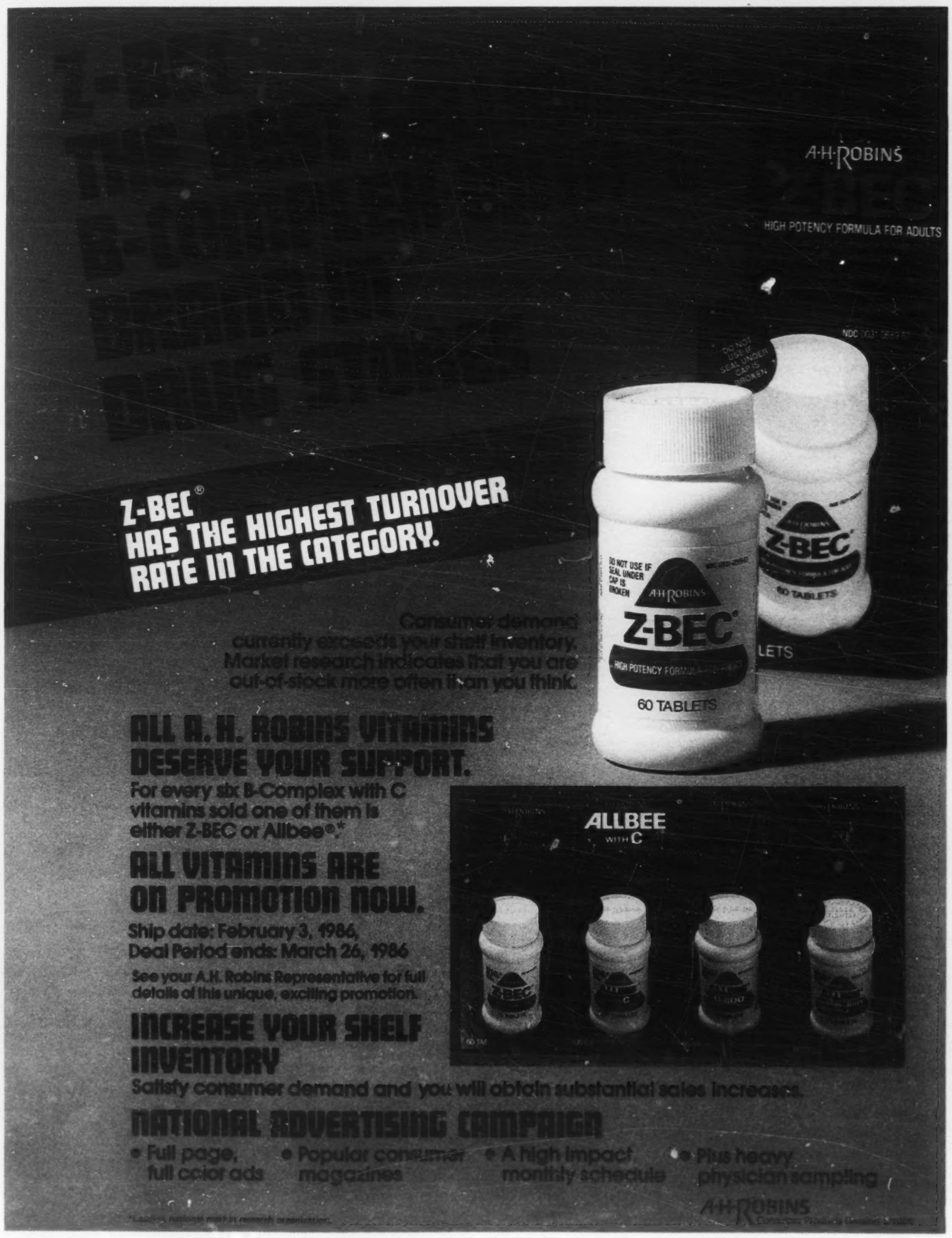
"Last year was a very good year. If we can keep up with last year's growth, we'll be all right.

"The two things that are important are promoting at key times and good weather. Also, the economy is important. It's discretionary money [that is spent on sunglasses]. If the economy is bad, so are sales."

Average retail sunglass prices

Optical outlets	$18.75
Department stores	11.91
Drug stores	9.50
Food stores	7.14
Mass merchants	5.17
Premiums, catalogers	2.57

Source: Sunglass Association of America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